

# Business Case: Advocacy regional commissioning

<b>Report to:</b>	North Wales Heads of Children's Services
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<b>Subject</b>	Business Case: Advocacy regional commissioning
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## 1 Introduction / summary

This report outlines a business case for commissioning independent advocacy for vulnerable children and young people across the North Wales region from April 2015 onwards. This includes commissioning by the six North Wales counties (Social Services) and BCUHB. The business case provides information to enable a decision on which payment model to take forward, and areas which need to be addressed in the service specification.

Three payment options have been identified, and include information about costs, anticipated benefits, and operational implications:

- A: Split cost payment model
- B: Lump sum payment model
- C: Lump sum payment model with capping

The differences in the current contract service specifications for North East Wales and North West Wales have been highlighted in Appendix D (page 14). This also highlights issues and problems arising from the current specifications which need to be addressed in the new contract and provides an opportunity for heads of service to highlight any further areas of priority or concern.

### Exclusions:

The commissioning option chosen by the North Wales Family Support Board included Education Services, but as a staged approach bringing them on board by 2016. This business case therefore does not deal with the education element.

Advocacy services required under the Mental Health Act 1983 (IMHA) and the Mental Capacity Act 2005 (IMCA) are not included in this business case as they are already commissioned by BCUHB for adults and children. Disaggregating the budget would not be possible and there are also complex legal requirements for this type of advocacy.

## 2 Business need

### 2.1 Project benefits

The benefits of joint commissioning advocacy for vulnerable children and young people have been identified in the project initiation document, and included in Appendix A.

### 2.2 Drivers and statutory duties

The Welsh Government issued a new model for delivering and commissioning advocacy services in 2011. It is statutory guidance issued under section 25(8) of the Children Act 2004. According to the guidance, there is a statutory duty to provide Advocacy services under the following Acts:

Children Act 1989  
Children (Leaving Care) Act 2000  
Mental Health Act 1983  
Mental Capacity Act 2005  
National Health Services (Wales) Act 2006

The overall duty is to support children and young people to make representations or complaints about their care in the services affected by the above legislation.

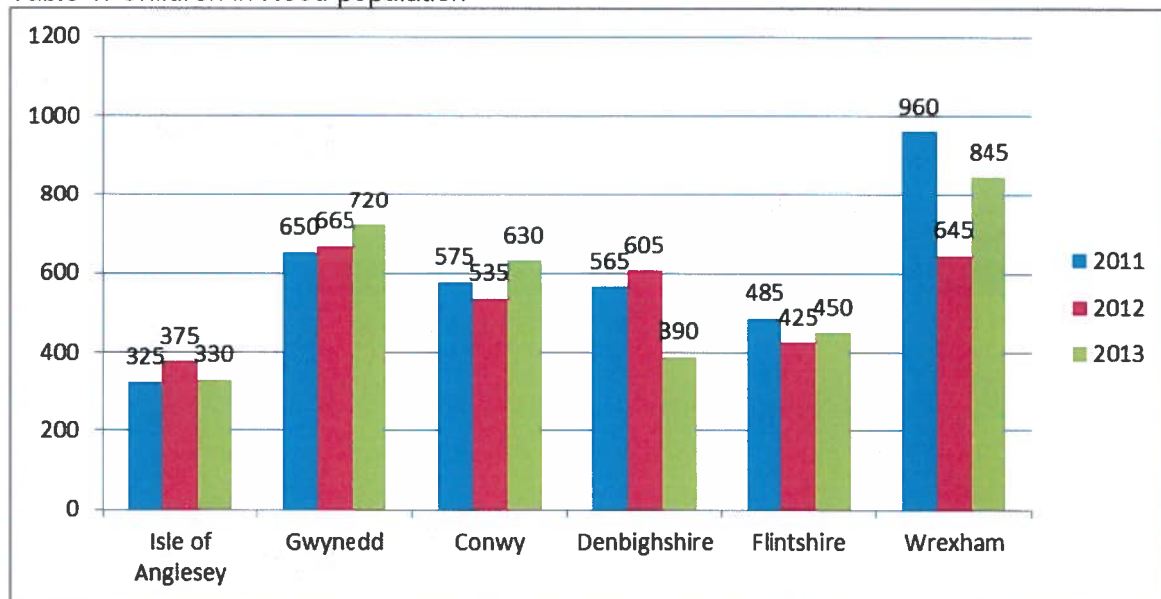
Other drivers have been listed in Appendix B.

### 2.3 Social Services

The below figures show all Children in Need (includes looked after children, children in need and children on the child protection register).

A breakdown of each category is available in Appendix C.

Table 1: Children in Need population



- a) The counties across North Wales count children in need in different ways. Some counties count every referral as a 'child in need' whilst others differentiate between referrals which meet the criteria for a service, and "information only" referrals.

The number of children who have benefited from the current advocacy service in 2011/12 and 2012/13 is as below:

Table 2: Issue Based Advocacy (IBA) referrals

County	IBA Referrals 2011/12	Total	IBA Referrals 2012/13	Total
Anglesey	53	170	46	144
Gwynedd	63		49	
Conwy	54		49	
Denbighshire	21	142	27	125
Flintshire	63		55	
Wrexham	58		43	

The number of referrals to the advocacy service reduced across North Wales in 2012/13. The majority of young people accessing the services across all areas are over 11 years of age with a small number of under 11s using the service.

The majority of the above referrals are young people requesting support at meetings. However, in Flintshire, the majority of referrals relate to placement issues.

## 2.4 Health

BCUHB has indicated that they would be interested in joining the contract to provide the hospital/primary care element of their statutory duty for children under 18 wishing to make a complaint.

The number of complaints received by hospital or primary care service-users for 2013/14 was 1 (May 2013). They were 18 years of age. The complaint was with regards to a long delay to complete tests for a CAMHS diagnosis and the young adult lived in the West area.

There is £3,400 available as a contribution proposed by BCUHB, which will provide advocacy for any child under 18 years wishing to make a complaint in a hospital or primary care context.

### Exclusion:

The numbers of children and young people who are entitled to advocacy services under IMHA and IMCA (mental health) have not been included in this business case, as they already receive a specialised service commissioned by BCUHB through Unllais. The current mental health contract is contracted for children and adults and disaggregating the budget would not be possible. There are also complex legal requirements for this advocacy.

## 3 Business options

### Option A: Split cost payment model

#### 3.1 Description

This model would require each county and health to pay a core cost contribution, and to pay additionally according to what they use for

- Issue Based Advocacy (IBA)
- Independent Visiting (IV)
- Visits to residential settings

- Participation

Table 3: split cost payment model funding allocation

Elements of the service	Funding description	Proposed funding allocation
Core costs (management, promotion, training supervision, equipment, salary and travel costs for the Senior Advocate, office costs)	Equal payment across the six counties and a contribution from BCUHB	£17,000 per authority (approx 10% reduction from the current NE contract core costs payment)  £3,400 BCUHB
Visits to residential units	Payment according to the number of residential units in the county and the visiting requirements	£60 per visit based on one visit per month (approx 10% reduction from the current NE contract arrangements)
Issue Based Advocacy (IBA)	Payment per case for advocacy and travel	IBA costs – £16 - £20 per hour 40p per mile (approx 10% reduction from the current NE contract arrangements)
Independent Visiting (IV)	Payment per case for visits and travel	£52 per visit and 40p per mile (approx 10% reduction from the current NE contract arrangements)
Additional elements (e.g Participation / children's rights training)	The counties which choose to include these element may provide additional funding	To be decided by the individual local authority.

- BCUHB have £3,400 available to contribute to advocacy for children in hospital or primary care. Mental health advocacy is commissioned separately. As the above complaints figures show the usage for health would be low as the majority of children have their parents to advocate on their behalf and they normally instigate a complaint in relation to their child.
- The tendering process will require providers to give quotes "in the region of"
- IBA costs based on the quote provided in the tender for the current North East contract: £18 - £23 per hour, 40p per mile
- IV costs based on the quote provided in the tender for the current North East contract: £58.75 per visit and 40p per mile

### 3.2 Expected Benefits of the split cost payment model

Cost - each individual authority pays for what they use, which has worked out as a cheaper model than the current 'lump sum' payment method in the North West contract. For example, the costs for the current North East contract in 2012/13 were as follows

Table 4: Issue Based Advocacy (IBA) North East contract costs for 2012/13

County	Costs	Referrals
Denbighshire	19,963 + 6,303 = <b>£26,266</b>	27
Flintshire	19,963 + 13,689 = <b>£33,652</b>	55
Wrexham	19,963 + £15,987 = <b>£35,950</b>	43
Total	59,889 + 29,677 = <b>£95,868</b>	125

Table 5: Independent Visiting (IV) North East contract costs for 2012/13

County	Costs	Referrals
Denbighshire	£4,113	6
Flintshire	£10,774	17
Wrexham	£1,602	4
Total	£16,489	27

The cost for the North West contract is higher. In 2011/12 it was £116,475 for 170 IBA cases. The same amount was paid in 2012/13 for fewer cases (144 cases).

One striking comparison is between Gwynedd with 49 referrals and Flintshire with 55 2012/13. Flintshire paid £30,466 for their service; whilst Gwynedd paid £48,230 (taking into account that the Gwynedd service specification also includes participation).

Efficiency - use existing resources more efficiently to reduce the core management costs, so that there is more money in the pot for increasing the amount of service delivery.

Flexibility – each county can choose what they would like to buy in additionally, for example participation, training and frequency of visits to residential settings.

Benchmarking – this model of payment provides more opportunity to capture the information needed to define value for money, and to identify and address areas for improvement.

### 3.3 Operational implications of the split cost payment model

Financial planning – it is more difficult to budget in advance for this payment model.

Service planning – it is more difficult for the provider to budget and plan staffing arrangements for this model.

## Option B: Lump sum payment model

### 3.4 Description

This model would require each county and BCUHB to pay a lump sum for the whole advocacy service, including

- Management, staff related and office costs
- Issue Based Advocacy
- Independent Visiting
- Visits to residential settings
- Participation (if included)

There are two funding formulas which could be used for calculating this cost. Both include a 10% reduction on the current budget allocated by each county (with a 15% reduction for Gwynedd).

- Funding allocation based on children in need population figures
- Funding allocation based on referral figures for the last two years

Table 6: Funding allocation based on children in need population figures

County	% of children in need population and health complaints numbers	Current funding allocation	10% reduction of current funding allocation (15% for Gwynedd)	Proposed funding allocation based on % children in need
Anglesey	9.8%	£29,278	£26,350	£18,492
Gwynedd	21.4%	£48,230	£40,995	£40,381
Conwy	18.7%	£38,967	£35,070	£35,286
Denbighshire	11.6%	£26,266	£23,639	£21,889
Flintshire	13.4%	£33,652	£30,287	£25,285
Wrexham	25.1%	£35,950	£32,355	£47,363
Total for local authorities		£212,343	£188,696	£188,696

a) percentage of children in need figures across the six authorities are based on the aggregated budget for all six local authorities

### 3.5 Expected benefits for the lump sum payment model

Allocating budgets - this model enables authorities to allocate known budgets. Budgets remain the same regardless of usage.

### 3.6 Operational implications

Calculating a beneficial cost contribution for all parties involved has proved difficult. Each model has disadvantages for certain local authorities.

For example, the model of payment based on children in need population creates a saving for all counties apart from Wrexham. However, taking referral numbers into account from the last two years, the contract contributions and referral figures show a disproportionate allocation of funding compared with usage:

Table 7: Referrals compared with cost contribution

County	Spend for 2012/13	Local authority % contribution to the total NW cost	Average number of referrals over 2011/12 and 2012/13	% usage of service from the total across North Wales
Anglesey	£29,278	13.79%	45	15.9%
Gwynedd	£48,230	22.71%	56	19.6%
Conwy	£38,967	18.35%	51	17.8%
Denbighshire	£26,266	12.37%	24	8.4%
Flintshire	£33,652	15.85%	59	20.7%
Wrexham	£35,950	16.93%	50	17.5%
Total	£212,343		285	

## Option C: Lump sum payment model with capping

### 3.7 Description

This option provides a compromise between options A and B. Each authority pays a lump sum towards the whole service. However, a capping exists on the number of referrals that are taken. Exceeding this capping, each local authority will have the option of spot purchasing a further service from the provider, at the price quoted in the tender. The capping number would be set on the basis of the average number of referrals from previous years, and proportionate to the Children in Need levels in each county.

### 3.8 Expected benefits for the lump sum with capping payment model

This payment model enables the commissioner and the provider to plan and ensure capacity to deliver the service. It should also prevent local authorities subsidising one another's service if there is a greater demand in one local authority over another. This model enables better financial planning for local authorities than option A.

### 3.9 Operational implications:

This payment model presents similar difficulties to Option B in terms of allocating budgets. It has not been possible to identify a funding formula which would suit all local authorities involved in the collaboration.

## 4 Next steps

When a payment option has been agreed, work can continue on:

- Service specification. A draft will be brought to heads of service and health once completed; this will include input from children and young people
- Take a business case through the political approval processes in each local authority and BCUHB
- Provider event – work with Business Wales to organise an event which informs potential providers about the tendering process and the commissioners' expectations. A follow-up workshop will also take place in

partnership with Wales co-op to help providers consider a collaborative approach.

- Setting the tendering timescales in consultation with the Conwy contracts department
- Begin discussions with North Wales heads of education services around contributing to the commissioning collaboration for 2016. Gain advice from the procurement officers and Business Wales around managing a phased procurement process.